

331.440A Adult mental health, mental retardation, and developmental disabilities services funding decategorization pilot project.

1. *Definitions.* For the purposes of this section, unless the context requires otherwise:

a. *"Department"* means the department of human services.

b. *"Pilot project areas"* means the pilot project created under this section involving the county or multicounty central point of coordination process administrative areas designated in accordance with this section.

c. *"Target population"* means any person who is a legal resident of a pilot project county and meets both of the following conditions:

(1) The person is eighteen years of age or older. However, a person who is more than sixty-four years of age who requires full-time nursing facility care shall not be included in the target population.

(2) The person is eligible for assistance under the pilot project county management plan approved under section 331.439.

2. *Purpose.* The purpose of the pilot project is to improve outcomes for service consumers by allowing pilot project counties to administer overall projected funding from state and federal sources together with other available funding, and by reducing or eliminating unnecessary barriers associated with funding sources, and thereby to creatively meet the divergent, individual needs of service consumers in the community.

3. *Project established.* The department of human services shall establish a pilot project for decategorizing the public funding for adult mental health, mental retardation, and developmental disabilities services in accordance with this section. The pilot project shall include the three-county central point of coordination process administrative areas designated for decategorization planning under 1997 Iowa Acts, chapter 169, section 13, Washington county, and Webster county. Under the pilot project, a projected funding amount for a fiscal year shall be developed for each of the pilot project areas, from the funding sources designated in this section. The projected funding amount for a fiscal year, manner of payment, and other provisions of the pilot project shall be delineated in contracts between the department and the counties involved in the pilot project.

4. *County management plan.* The counties participating in the pilot project shall amend their county management plans approved under section 331.439 to be applicable to the period of the pilot project. Unless a change in federal or state funding provisions reduces the availability of funding, a pilot project county's management plan eligibility provisions shall not be more restrictive than the provisions in effect as of June 30, 1999. The amended county management plans shall address the service needs of the populations served under the funding sources included in the pilot project beginning with the applicable phase.

For purposes of determining the financial responsibility of a pilot project county, a legal resident includes anyone living in the county at the time services or other support are provided who is a member of the target population. A legal resident includes but is not limited to a person who is homeless or living in a homeless shelter. However, if an individual resides in a pilot project county as a result of placement or referral for services or other support by another county or another state, financial responsibility remains with the other county or other state.

5. *County responsibilities.*

a. A county participating in the pilot project is responsible to provide or pay for services and other support to appropriately address the needs of the target population attributable to that county. This responsibility includes accountability for clinical, administrative, and fiscal functions.

b. A pilot project area may choose among alternative approaches in administering services under the pilot project. The alternative approaches include but are not limited to any of the following:

(1) A case rate approach to purchase of services.

(2) A fee-for-service purchasing approach with an emphasis on flexible, creative services.

(3) A mixed model involving both case rate and fee-for-service approaches.

c. A pilot project area shall provide data and other reports as provided in the contract with the department.

d. Moneys received by a county under the pilot project shall be deposited in the county's services fund. Moneys received that remain unencumbered or unobligated at the close of the fiscal year shall remain available to be used to benefit the county's target population in the succeeding fiscal year.

e. Receipt and expenditures of moneys under the pilot project shall be subject to examination during the regular audit of the pilot project area counties performed in accordance with chapter 11.

6. Funding phases. The department shall negotiate with the pilot project areas to identify the projected funding amount to be provided to the areas for a fiscal year. The projected funding amount shall be determined in accordance with a pilot project area's relative share of the statewide expenditures for services and other support paid by the funding sources included in the pilot project plus the related administrative expenses. Unless the commencement dates are delayed due to a determination by the oversight committee, the pilot project funding shall be implemented in two phases with the first phase to commence July 1, 2000, and the second phase to commence July 1, 2001, as provided in paragraph "*d*". Both phases of the pilot project shall end December 31, 2003. The phases of the pilot project shall be implemented as follows:

a. In the first phase, the department and the pilot project areas shall negotiate the specific projected funding amounts to be provided to each area. The department and the pilot project areas shall provide any data or other information necessary to accurately develop the projected amounts. The funding amount for the first phase shall be determined by December 30, 1999.

b. In the first phase, the mental health services funding sources for the pilot project areas shall include but are not limited to all of the following:

(1) The state share of the costs of care in the state mental health institutes.

(2) The mental health portion of any federal grant funding administered through the United States department of health and human services.

(3) Federal social services block grant funding.

(4) State case funding.

(5) State funding for the purchase of local services for persons with mental illness where the client has no established county of legal settlement.

(6) State supplementary assistance funding.

(7) To the extent allowed by the federal government, the mental health portion of federal funding provided for vocational rehabilitation of individuals with disabilities.

c. In the first phase, the mental retardation and other developmental disabilities services funding sources for

the pilot project areas shall include but are not limited to all of the following:

- (1) State and federal medical assistance funding for services under a home and community-based services waiver to persons with mental retardation.
- (2) The state share of the costs of care in the state resource centers.
- (3) State and federal medical assistance payments for intermediate care facilities for persons with mental retardation services.
- (4) Federal social services block grant funding.
- (5) State funding for the purchase of local services for persons with mental retardation and other developmental disabilities where the client has no established county of legal settlement.
- (6) State supplementary assistance funding.
- (7) To the extent allowed by the federal government, the mental retardation and other developmental disabilities portion of federal funding provided for vocational rehabilitation of persons with disabilities.

d. In the second phase, all other medical assistance funding for mental health services for the pilot project areas shall be incorporated into the annual projected funding amount. Implementation of the second phase shall be subject to enactment by the general assembly of an implementation authorization.

7. Oversight committee.

a. An oversight committee shall be established to provide general oversight of the pilot project and the risk pool and to perform the duties outlined in this subsection. The oversight committee shall consist of the following members:

- (1) At least one service consumer, one service provider, and one county supervisor from each of the pilot project areas, designated by the governor.
- (2) An individual designated by the governor.
- (3) One individual designated by the division of medical services of the department of human services and one individual designated by the division of mental health and disability services of the department of human services.
- (4) An individual designated by the legislative council. If the individual designated by the legislative council is a member of the general assembly, that member shall be a nonvoting member.

b. The oversight committee shall have the following duties and responsibilities:

- (1) The oversight committee may make a determination that implementation by the department of human services of a significant funding provision such as the rehabilitation option for persons with chronic mental illness or a waiver under the medical assistance program or another good cause reason justifies delay of the implementation of the pilot project phases as provided in subsection 6. If such a determination is made, the department of human services and pilot project counties shall delay implementation of the pilot project phases until a date identified by the oversight committee.
- (2) The oversight committee shall arrange for an independent evaluation of the pilot project in accordance with subsection 9.

(3) The oversight committee shall provide assistance to the pilot project counties, the department of human services, and other interested persons concerning implementation of the pilot project.

(4) The oversight committee shall perform functions for the risk pool in accordance with subsection 8.

8. *Risk pool.* In order to augment assistance from the risk pool of the property tax relief fund for which the pilot project counties may be eligible under section 426B.5, the pilot project administrative areas shall create and commit funding to a pilot project risk pool. The pilot project risk pool shall be used to cover unexpected costs resulting from an unanticipated event such as a legal settlement requirement or need for an exceptionally costly set of services or other support. Funding shall be committed on the basis of a percentage of the pilot project counties' overall budget for services under the counties' management plan with an annual maximum percentage for each area and an overall combined percentage maximum, as determined by the pilot project counties in consultation with the oversight committee. Expenditure of this risk pool funding shall be subject to authorization by the oversight committee.

9. *Outcomes and evaluation.*

a. In consultation with the oversight committee, the pilot project participants and the department shall agree on a set of outcomes and indicators to measure the effect of the pilot project upon the system of care in those counties. The department and pilot project areas shall annually report to the governor and general assembly by December 15 on the implementation status of the pilot project and the performance on the indicators. The report shall include any findings identified by the oversight committee.

b. The oversight committee shall arrange for an independent evaluation of the pilot project. The evaluation shall assess the quality of services as well as the cost-effectiveness of the pilot project. The evaluation shall include a focus on special populations such as persons who are homeless or who have multiple disabilities or service needs.

c. A final report concerning the pilot project shall be submitted by the department and the pilot project areas to the governor and general assembly. It is the intent of the general assembly to use that report to determine whether to continue the pilot project, revise it, terminate it, or implement the pilot project provisions or a similar approach statewide.

10. *Law rules implementation.*

a. If a provision of state law or administrative rule is in conflict with a provision of this section, the provision of this section shall prevail. State law and administrative rules governing the funding sources specified in this section are not applicable to use of the funding by the pilot project counties.

b. The department shall amend the medical assistance state plan and apply for federal waivers as necessary to implement the provisions of this section.

c. The department shall amend its contract for managed behavioral health care under medical assistance as necessary to implement the second phase of the pilot project and for the medical assistance-eligible persons covered under that contract to instead be covered by the pilot project counties.

d. The pooling of funding sources and the provision of services under this pilot project and implementation of a risk pool as authorized in this section is not insurance and is not subject to regulation under chapters 505 through 523C.

e. The department of human services shall amend the state medical assistance plan, implement federal waivers, or take other actions as necessary for the pilot project areas to be able to draw federal funding for the start-up and other costs to implement the pilot project.

f. The department shall give consideration to implementing a rehabilitation option under the medical assistance program for persons with chronic mental illness.

g. The requirements of this section may be adapted as necessary to comply with federal law, regulation, or other requirements in order to assure federal financial participation in the pilot project.

99 Acts, ch 160, §1; 2000 Acts, ch 1112, §51, 5456, 58; 2004 Acts, ch 1086, §64; 2004 Acts, ch 1090, §33; 2006 Acts, ch 1115, §32